BUSINESS-ETHICS IN ISLAM

Abstract: In this article the main ethical and moral norms in Islam in relation to entrepreneurial activity and business are considered.

Key words: Islam, Qur'an, entrepreneurship, business ethics, entrepreneurial culture.

Language: English


The principles of business in accordance with Shariah are built on the following two rules: the inadmissibility of forbidden acts (Haram) and achieving godly behavior by making is allowed and desired activities (Halal).

In the Qur'an repeatedly emphasizes the following fundamental principles of proper business conduct:

- freedom of business and the contract;
- justice;
- legality;
- ethical behavior of managers and subordinates;
- charity and mercy.

A key condition for economic progress recognizes the freedom of entrepreneurial activity. The dogma of the equality of people before Allah is understood as equality and economic opportunity, and freedom of competition. The entrepreneur, who owns capital and wage-worker act as equal participants of market relations. Man has full freedom to conduct business and to select any activity within the framework of Shariah.

According to the requirements of Islam, all participants of market relations should be guided by the principle of fair exchange. It assumes the free conclusion of business agreements, commitment in implementation of the contract, the willingness of contracting parties to cooperate, with free access to the market of buyers and sellers, honesty in trade, the availability of complete and reliable information about the quality, quantity and price of goods. This approach implies a ban on speculation, dumping and monopoly and, naturally, all kinds of economic crimes, which are treated equally in the laws of different countries. The observance of these norms is possible only with the participation in the market of free, equitable, informed, and responsible persons.

The Qur'an forbids any unlawful interference with the right of possession of another's property. A Muslim is not allowed to use any thing belonging to another, unless given permission of its owner. The Prophet (pbuh) last sermon again proclaimed the inviolability of property, elevating it to the level of sanctity of life and honor: "on this day, in this month, in this place God has made sacred and inviolable life, property and honour of a Muslim as long until you meet Your Lord".

A special place in the Qur'an on trade: "...and Allah has permitted trade and has forbidden the growth" (Sura al-Baqara, verse 275) [3]. Detailed review of the trading rules not only allowed, but also on approval of a fair and mutually beneficial trade relations. Open and equitable competition should be based on the natural equilibrium of supply and demand. The rule of free competition, however, does not negate the prescribed standards of decency in business. People should strictly follow ethical leadership, regardless of behavior and belief partners or competitors. It is forbidden to harm competitors' techniques that go beyond the competition.

All transactions must be mutual agreement and consent of both parties. Full agreement on the deal is a condition of acceptance of its reality: "...unless it is a trade by mutual consent between you..." (Sura An-Nisa, ayah 29) [3]. With mutual consent should not infringe the rights of a party, for example, extraction of benefit one party at the expense of losses to another. Usury, gambling, lotteries prohibited, as there is an enrichment of a group of persons without work and effort. The transaction must wear an honest and open character.
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In other words, legitimate can be recognized only deals, devoid of ambiguity and injustice, but not those that can cause the use of trust in their interests, for example, fraud or intentional deception. This is confirmed by the following provisions of the Qur'an: "Woe to the cheaters, when you take the measure of /due to/ from people, take it fully, and when they measure or weigh for them /men/, slim!" (Sura al-Mutaffifin, ayah 13) [3].

In order to prevent all possible ways of deception and of a dispute, the Qur'an prescribes the terms of contracts that must be in writing and, if possible, in the presence of witnesses. This precaution is justified and necessary, especially now, when economic crimes and dishonest behavior of business people have become a frequent occurrence in business. In case of conclusion of the employment contract, the nature, period of work, salary level should be clearly defined without any threats and ultimatum by the employer or the employee.

The Qur'an warns against false allegations of fraud and forgery. Truthfulness and righteousness that was typical of all the prophets, recognized as an important virtue, not only in business, but also in all other areas of human activity.

Justice is the core of the divine precepts, and also one of the causes of revelation of the Qur'anic revelations with the aim of establishing the truth and equality on earth. Islam is alien to the formal differences between people on a social or ethnic grounds, property status. Preference is given only to those who are more committed to the faith: "surely the noblest among you before God is the most pious" (Surah al-Hujurârât, ayah 13) [3].

The requirement of fairness in business activity is reflected in the following principles:

- the fulfillment of these promises and conditions of the contract;
- accuracy of quantitative and qualitative characteristics of the goods in the sale;
- fair work and fair pay;
- honesty and sincerity of the relationship;
- competence and efficiency in the work;
- checking of the commercial information for accuracy.

In the Qur'an when describing the business relationship, special attention is given to compliance with the terms of the contract and the promises made. Not allowed to break promises and contracts, even if there is reason to think that the second party wishes to break this agreement. If this situation occurs, in this case, you must notify the partner of its decision on termination of the contract: "And if you fear from a people betrayal, throw a contract with them in accordance with justice: verily Allah loves not the treacherous." (Sura al-Anfal, ayah 58).

This divine instruction calls for fairness in business contacts in the event of termination of the contract. Needless to say about the role of customer confidence in the business any entrepreneur. Every businessman strives to create a good reputation, investing heavily in the creation of their brand and constantly watching the image. From this point of view, the Muslim should strive to ensure that his name was not created in an ad campaign, and reflected the results of his honest work.

Ethics of Islam, as well as generally accepted ethics in labour relations, requires that the level of payment, the functions and the working conditions were specified at the time of signing the employment agreement between employee and employer. Wages must be paid in full and without delay, "And not hold from people what is rightfully theirs..." (Surah Ash-Shuara, verse 183) [3].

In the Qur'an it is also reported that depending on the quality and volume of work is different remuneration for different categories of workers. Thus, a differentiated system of remuneration should stimulate employees to increase performance and to prevent the abuse of work time. The employee should strive to become a competent specialist in his field and efficiently. In selecting candidates for the vacant position Islam prescribes to be guided by professionalism and merit of the candidate and not personal or kinship ties, or even worse, bribes. There must be equal interview all candidates to identify the most competent employee. In the process of decision making Islam recommends to check the reliability of any statement or information: "follow Not that which you were unaware..." (Surah al-Isra', ayah 36) [3], and before buying the product to check its quality, in order to avoid fraud and further disputes.

The legality of the business from the point of view of the Shariah is the main criterion of a choice of this or that kind of activity by the entrepreneur. In the Qur'an categorically prohibits both to charge and to pay interest on debt (riba), but in contrast to this ban immediately establishes the legality of the trade: "Allah has permitted trade and has forbidden the growth" (Sura al-Baqara, verse 275) [3]. Restrictions on trade concern only certain types of goods and services prohibited by the Shariah, namely:

- pork and various products that contain pork;
- the meat of domestic animals slaughtered not according to the rules of Shariah;
- alcoholic beverages, tobacco products, drugs;
- prostitution and pornographic products;
- anything that brings harm to religion and society.

Commercial activities may include barter transactions. The preferred currency circulation, as this will prevent the risk of unequal exchange, which in turn will be the cause of riba, i.e. illegal income increase. The prophet (pbuh) ordered his fellow Bilya when he wanted to exchange two measures of bad dates for one measure good, first sell bad, and then use the money to buy a good. Sale on credit and
deferred payment should not affect the price established in the contract, its increase or decrease.

Gentleness and tact is the foundation of a good and lasting relationship and serves to create a healthy working environment. Great value good manners gave the Prophet himself (pbuh). He said, "May God grant a blessing to the person who is different good manners, when he buys, when he sells and when performing their duties". The Qur'an instructs to be attentive and accommodating when referring to others, to remain polite even in dispute.

The head is not allowed unduly to lengthen the working day, to assign additional responsibilities to subordinates, not originally specified. Instead, it should strive to help in any difficulty and complex issue, create a team in solving the problem. It is important that the manager knew how to manage conflicts and disputes arising in the team. The prophet (pbuh) said: "Muslims have the right to resolve the conflict by mutual consent of the parties, if they do not prohibit what is allowed and not allowed, what is prohibited. Muslims must abide by the terms of the agreements, unless those conditions do not prohibit what is allowed and not allowed, what is forbidden" (al-Termizi).

Forgiveness of injuries and understanding the mistakes of others is considered better than a good act, followed by regret and resentment: "A kind word and forgiveness is better than alms followed by a disappointment injury..." (Sura al-Baqara, verse 263) [3]. If the person does not yield to the temptation and doesn't resort to rudeness and insults in other situations and business conflict, but on the contrary, all ways tries to avoid it, and allow the best way, then maybe it will get other in the face of recent enemy: "Not equal are the good deed and the evil. Cast [evil] with what is better: then will he between whom and you was hatred become as your close friend and supporter". (Surah Fussilat, ayah 34) [3].

A muslim should be soft in dealing with the needy, even if he is not able to help them financially, and his moral support and kind words or advice are debt. Providing social protection and guarantee of the rights of subordinates is the responsibility of the employer, including financial assistance in case of accidents, illness and so on. Islam encourages a business that meets the social needs of society, and the development of culture and education.

Charity is one of the main characteristics of the Islamic economic ethics. In the Qur'an emphasizes: "...whatever you spend of goodness, then, for themselves, and you spend seeking the "face" of Allah. And whatever you spend of good, shall be rendered back to you, and you shall not be wronged" (Sura al-Baqara, verse 272) [3].

The offered alms supported by reference to the Qur'an (Sura al-Baqara, ayah 261) [3]: "Those who spend their wealth in the way of Allah is like a seed which grows seven ears, in every ear a hundred grains; and Allah doubles to whom he wills. Allah is Comprehensive, Knowledgeable". Muslim donates, gives alms to the needy based on their capabilities and on their own initiative. In the Hadith: "the Best charity is that is wealth". The same high dignity differs noble people that spend their money, and the poor showing patience and hope for the reward of Allah.

In summary, we can conclude that adherence to Islamic ethical standards will reduce the risk in commercial relations and create favorable conditions for the development of effective and sustainable business.

References: